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UNCLAS ABUJA 000965

SIPDIS

A/OPR/ALS FOR THURMAN, WARD/WHITE
A/OPR/CR FOR ANNIE DICKSON

E.O. 12958: N/A
TAGS: [ALOW](#) [AMGT](#) [APER](#) [NI](#)
SUBJECT: BUSING IN ABUJA

Refs: State 42908

1. In response to reftel, Post presents its cost-breakdown for the school bus service offered by the American Employees' Association of Abuja (AEAA). Section 273 states that school transportation costs may be granted based on an acceptable documentation of the actual costs. Reftel also states that the "primary criterion to determine if a fee or charge is allowable or not is to ask whether the service is normally provided free of charge in the United States public school system."

2. Any reasonable fee charged by a private entity (school bus company) to a public entity (school district) reflects overhead costs, either explicitly or implicitly. Post confirms that AEAA's overhead costs are legitimate. The Department enters into contracts frequently that include specific provisions for payment of overhead. Since submitting its last cost breakdown, AEAA's position has changed materially in that the Embassy has agreed to provide a small office at a nominal fee. Accordingly, the cost associated with office expenses has been deleted.

3. The greatest round-trip mileage on the route is eight miles. Please find below an updated annualized cost breakdown for Abuja's bus service which reflects these changes:

Vehicle Costs	4,800
Base Radio	400
Insurance	4,200
Fuel	2,000
Maintenance	2,000
FSN Driver:	3,500
U.S. Manager:	2,000
Service Charge:	1,900

Total annual costs: \$20,800

4. The Association has been providing transportation services to nine eligible dependents of direct-hire Americans since January, 2001. This works out to a \$2200 annual charge for bus transportation. Invoices totaling \$1,100 per child have been delivered to parents of school children using the bus for the Spring semester, 2001.
JETER